

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
Request for Review)
of the Decision of)
the Universal Service Administrator by)

Prairie City School District)
Prairie City, Oregon)

Federal-State Joint Board on Universal Service)

Changes to the Board of Directors)
of the National Exchange Carrier)
Association, Inc.)

File No. SLD-10577

CC Docket No. 96-45

CC Docket No. 97-21 ✓

DISPATCHED

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FCC MAIL SECTION

ORDER

Adopted: November 5, 1999

Released: November 5, 1999

By the Common Carrier Bureau:

1. The Common Carrier Bureau has under consideration a Letter of Appeal filed by the Prairie City School District (Prairie City) on June 9, 1999, seeking review of a decision issued by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (Administrator). Prairie City seeks review of the SLD's denial of its application for discounts under the schools and libraries universal service support mechanism.¹ For the reasons set forth below, we grant the Letter of Appeal to the extent provided herein.

2. Under the schools and libraries universal service support mechanism, eligible schools, libraries, and consortia that include eligible schools and libraries, may apply for discounts for eligible telecommunications services, Internet access, and internal connections.²

3. By letter dated January 26, 1999, the SLD denied Prairie City's request for

¹ Section 54.719(c) of the Commission's rules provides that any person aggrieved by an action taken by a division of the Administrator may seek review from the Commission. 47 C.F.R. § 54.719(c).

² 47 C.F.R. §§ 54.502, 54.503.

discounts. Prairie City appealed the SLD's decision by letter dated February 8, 1998. On May 14, 1999, the SLD affirmed its initial funding decision. The Administrator's Decision on Appeal indicated that services listed by Prairie City as dedicated access/Internet access included some internal connection services. It further indicated that, where a particular funding request included some internal connections, the entire funding request was recategorized by SLD as internal connection services so as to "avoid the possibility of treating priority two services (internal connections) as priority one services (telecommunications, dedicated and Internet access services)." Because internal connections in the first year were funded only when a discount level of 70 percent or above was shown, these services could not be supported for the relevant funding period.

4. In its request for review of the SLD's decision that is now before us, Prairie City states that it relied on information provided by the SLD directing it to file bundled Internet services as Internet access on its Form 471. It also cites to paragraph 445 of the *First Report and Order* to support its position that it should receive discounts for the cost of "bundled" services.³ Prairie City argues that, because of the misinformation provided by SLD, the amount representing Internet access should be reclassified as such, and be deemed eligible for discounts.

5. In *Williamsburg-James City*,⁴ the Commission determined that, in cases where, as here, an FCC Form 471 was submitted before the establishment of the Commission's rules of priority in the *Fifth Reconsideration Order*,⁵ applicants could not have been aware of the need to segregate carefully their service requests. Consequently, the Commission held that, in appeals involving such circumstances, applications should be remanded to SLD for reprocessing, with priority one and priority two services being considered separately on their own merits. We, therefore, remand Prairie City's application to SLD and direct SLD to issue a new funding commitment decision letter based on the originally submitted FCC Form 471 and any further consultations with the applicant that may be necessary.

6. ACCORDINGLY, IT IS ORDERED, pursuant to authority delegated under sections 0.91, 0.291, and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 54.722 (a), that the Letter of Appeal filed by Prairie City School District, Prairie City, Oregon

³ *Federal-State Joint Board on Universal Service*, Report and Order, CC Docket No. 96-45, 12 FCC Rcd 8776, 9014, para. 445 (1997), as corrected by, Errata, CC Docket No. 96-45 (rel. June 4, 1997), *aff'd in part, Texas Office of Pub. Util. Counsel v. FCC*, 1999 WL 556461 (5th Cir. 1999) (*First Report and Order*).

⁴ *Request for Review of the Decision of the Universal Service Administrator by Williamsburg-James City Public Schools*, CC Docket Nos. 96-45, 97-21, Order, FCC 99-298, (rel. October 15, 1999) (*Williamsburg-James City*).

⁵ *Federal-State Joint Board on Universal Service*, Fifth Order on Reconsideration and Fourth Report and Order in CC Docket No. 96-45, 13 FCC Rcd 14915, 14938 (1998) (*Fifth Reconsideration Order*), paras. 36-37.

on June 9, 1999 IS GRANTED to the extent indicated herein.

7. IT IS FURTHER ORDERED that the Administrator IS DIRECTED to implement the decision herein.

FEDERAL COMMUNICATIONS COMMISSION

A handwritten signature in black ink, appearing to read "Yog R. Varma", with a long horizontal flourish extending to the right.

Yog R. Varma
Deputy Chief, Common Carrier Bureau